

ENTERED

BOOK 560 PAGE 534

INSTRUMENT PREPARED BY  
VIRGINIA GAS AND OIL BOARD

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: EQUITABLE PRODUCTION COMPANY, )  
RELIEF SOUGHT: POOLING OF INTERESTS IN A 58.77- )  
ACRE SQUARE DRILLING UNIT )  
DESCRIBED IN EXHIBIT A HERETO )  
LOCATED IN THE NORA COAL BED GAS )  
FIELD AND SERVED BY WELL NO. )  
VC-505181 (herein "Subject Drilling )  
Unit") PURSUANT TO VA. CODE )  
§§ 45.1-361.21 AND 45.1-361.22, )  
FOR THE PRODUCTION OF OCCLUDED )  
NATURAL GAS PRODUCED FROM COALBEDS )  
AND ROCK STRATA ASSOCIATED )  
THEREWITH (herein "Coalbed Methane )  
Gas" or "Gas") )  
DOCKET NO. )  
02-1015-1084 )

LEGAL DESCRIPTION:

SUBJECT DRILLING UNIT SERVED BY WELL NUMBERED )  
VC-505181 (herein "Well") TO BE DRILLED IN )  
THE LOCATION DEPICTED ON EXHIBIT A HERETO, )

CLINCHFIELD COAL CO. TRACT T-606 )  
HURRICANE MAGISTERIAL DISTRICT )  
VANSANT QUADRANGLE )  
BUCHANAN COUNTY, VIRGINIA )  
(the "Subject Lands" are more )  
particularly described on Exhibit )  
"A", attached hereto and made a )  
part hereof) )

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on October 15, 2002, Southwest Higher Education Center, Campus of Virginia Highlands Community College, Abingdon, Virginia.

2. Appearances: James E. Kaiser of Wilhoit & Kaiser, appeared for the Applicant; and Sharon Pigeon, Assistant Attorney General, was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Va. Code §§45.1-361.1 et seq., the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner and/or potential owner, i.e., person identified by Applicant as having ("Owner") or claiming ("Claimant") the rights to Coalbed Methane Gas in all Pennsylvania-aged coals from the top of the Raven, including, but not limited to Jawbone, C-Seam, Unnamed C, Lower Horsepen, X-Seam, Poco No. 6, Poco No. 5, Poco No. 4, Poco No. 2, and any

other unnamed coal seams, coalbeds and rock strata associated with the Nora Coalbed Gas Field (hereafter "Subject Formations") in the Subject Drilling Unit underlying and comprised of Subject Lands; (2) has given notice to those parties so identified (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code §§ 45.1-361.19 and 45.1-361.22, to notice of the application filed herein; and (3) that the persons set forth in Exhibit B hereto have been identified by Applicant as persons who may be Owners or Claimants of Coalbed Methane Gas interests in Subject Formations in the Subject Drilling Unit, underlying and comprised of Subject Lands. Further, the Board has caused notice of this hearing to be published as required by Va. Code § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Amendments: None.

5. Dismissals: None.

6. Relief Requested: Applicant requests that pursuant to Va. Code § 45.1-361.22, including the applicable portions of § 45.1-361.21, the Board pool the rights, interests and estates in and to the Gas in the Subject Drilling Unit, including those of the Applicant and of the known and unknown persons named in Exhibit B hereto and that of their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas produced from the Subject Drilling Unit established for the Subject Formations underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"); and, (3) that the Board designate Equitable Production Company as the Unit Operator.

7. Relief Granted: The requested relief in this cause be and hereby is granted and: (1) pursuant to Va. Code § 45.1-361.21.C.3, Equitable Production Company (hereafter "Unit Operator" or "Operator") is designated as the Unit Operator authorized to drill and operate the Well in Subject Drilling Unit, subject to the permit provisions contained in Va. Code § 45.1-361.27, et seq.; to §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; to § 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations and to the Nora Coal Bed Gas Field Rules established by the Oil and Gas Conservation Board's Order entered March 26, 1989; all as amended from time to time; and (2) all the interests and estates in and to the Gas in Subject Drilling Unit, including those of the Applicant and of the known and unknown persons listed on Exhibit B, attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, leased or unleased, be and hereby are pooled in the Subject Formations in the Subject Drilling Unit underlying and comprised of the Subject Lands.



<u>Subject Formation</u>	<u>Unit Size</u>	<u>Permitted Well Location</u>	<u>Field and Well Classification</u>	<u>Order Number</u>
All Pennsylvanian aged coals from the top of the Raven including, but not limited to, Jawbone, C-Seam, Unnamed C, Lower Horsepen, X-Seam, Poco No. 6, 5, 4, and 2 and any other unnamed coal seams, coal-beds, and rock strata, associated with the Nora Coalbed Gas Field.	Approximately 58.77-acre, square drilling unit.	Well VC-505181 (herein "Well") to be located as depicted on Exhibit A Depth: Approximately 2,405 feet	Nora Coal Bed Gas Field	OGCB Order for the Nora Coal Bed Gas Field entered March 26, 1989, as amended

For the Subject Drilling Unit  
underlying and comprised of the Subject  
Land Served by Well No. VC-505181

Buchanan County, Virginia

8. Election and Election Period: In the event any Gas Owner or Claimant named in Exhibit B has not reached a voluntary agreement to share in the operation of the Well to be located in Subject Drilling Unit at a rate of payment mutually agreed to by said Gas Owner or Claimant and the Unit Operator, then such person may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 herein to the Unit Operator at the address shown below within thirty (30) days from the date this Order is recorded in the county above named. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the Unit Operator at the address shown below or has duly postmarked and placed his written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any Gas Owner or Claimant named in Exhibit B who has not reached a voluntary agreement with the Unit Operator may elect to participate in the Well development and operation in the Subject Drilling Unit (hereafter "Participating Operator") by

agreeing to pay the estimate of such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the Well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation 4 VAC 25-160-100 (herein "Completed for Production Costs"). Further, a Participating Operator agrees to pay the estimate of such Participating Operator's proportionate part of the Estimated, Completed-for-Production Costs as set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The estimated Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Estimated, Completed-for-Production Costs: \$222,004.00

A Participating Operator's proportionate cost hereunder shall be the result obtained by multiplying the Participating Operator's "Interest within Unit" as set forth in the fourth column of Exhibit B times the Estimated Completed-for-Production Costs set forth above. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay the estimate of his proportionate part of the Estimated, Completed-for-Production Costs as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

- 9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the Well development and operation in Subject Drilling Unit under Paragraph 9.1 above, any Gas Owner or Claimant named in Exhibit B hereto who has not reached a voluntary agreement with the Unit Operator may elect to accept a cash bonus consideration of \$5.00 per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of production from Subject Drilling Unit, and thereafter a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the Gas produced from any Well development and operation covered by this Order multiplied by that person's Interest Within Unit as set forth in the fourth column of Exhibit B [for purposes of this Order, net proceeds shall be actual proceeds received less post-production costs incurred downstream of the wellhead, including, but not limited to, gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person] as fair, reasonable and equitable compensation to be paid to said Gas Owner or Claimant. The initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within one hundred twenty (120) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this order in the event production from Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or escrowed within sixty (60) days of said anniversary date. Once the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing person in and to the



Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.2, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any Well development and operation covered hereby and such electing person shall be deemed to and hereby does lease and assign its right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator.

- 9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the Well development and operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, any Gas Owner or Claimant named in Exhibit B who has not reached a voluntary agreement with the Unit Operator may elect to share in the well development and operation in Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. Such Carried Well Operator's rights, interests, and claims in and to the Gas in Subject Drilling Unit shall be deemed and hereby are assigned to the Unit Operator until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development and operation.

The election made under this Paragraph 9.3, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any Well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign his right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator for the period of time during which his interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event any Gas Owner or Claimant named in Exhibit B hereto has not reached a voluntary agreement with the Unit Operator and fails to elect within the time, in the manner, and in accordance with the terms of this Order one of the alternatives set forth in Paragraph 9 above for which his interest qualifies, then such person shall be deemed to have elected not to participate in the proposed Well development and operation in Subject Drilling Unit and shall be deemed, subject to any final legal determination of ownership, to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which its interest qualifies, and shall be deemed to have leased and/or assigned his right, interests, and claims in and to said Gas produced from Subject Formation in Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the right, interests, and claims of such person in and to the Gas produced from Subject Formation underlying Subject Lands.
11. Default By Participating Person: In the event a person named in Exhibit B elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Estimated, Completed-for-Production costs as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within one hundred twenty (120) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for the right, interests, and claims of such person in and to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any 1/8th royalties which would become due pursuant to Paragraph 9.2 hereof.
12. Assignment of Interest: In the event a person named in Exhibit B is unable to reach a voluntary agreement to share in the Well development and operation in Subject Drilling Unit at a rate of payment agreed to mutually by said Gas Owner or Claimant and the Unit Operator, and said person elects or fails to elect to do other than participate under Paragraph 9.1 above in the Well development and operation in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Unit Operator such person's right, interests, and claims in and to said Well, in Subject Formations in Subject Drilling Unit, and other share in and to Gas production to which such person may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said elections.
13. Unit Operator (or Operator): Equitable Production Company be and hereby is designated as Unit Operator authorized to drill and operate Well No. VC-505181 in Subject Formations in Subject Drilling Unit, all subject to the permit provisions contained in Va. Code §§ 45.1-361.27 et seq.; §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; §§ 4 VAC 25-160 et seq., Virginia Gas



and Oil Board Regulations; Oil and Gas Conservation Board ("OGCB") Order establishing the Nora Coal Bed Gas Field Rules entered March 26, 1989; all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

Equitable Production Company  
1710 Pennsylvania Avenue  
Charleston, WV 25328  
Phone: (304) 348-3800  
Fax: (304) 344-0363  
Attn: Melanie Freeman

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of the Well within Subject Drilling Unit within seven hundred thirty (730) days from the date of this Order, and shall prosecute the same with due diligence. If the Unit Operator shall not have so commenced and/or prosecuted, then this order shall terminate, except for any cash sums then payable hereunder; otherwise, unless sooner terminated by Order of the Board, this Order shall expire at 12:00 p.m. on the date on which the well covered by this Order is permanently abandoned and plugged.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the Gas estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are a charge against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating the Well has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

16.1 Escrow Account: The Unit Operator has represented to the Board, as reflected in Exhibit B hereto, that: (1) there are no unknown and/or unlocatable Owners/Claimants within the Subject Drilling Unit whose entitlements are subject to the escrow provisions of Paragraph 16.2 below, and that (2) there are no conflicting Owners/Claimants in Subject Drilling Unit whose entitlements are subject to the escrow requirements of Paragraph 16.3 below.

16.2. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing pursuant to Va. Code §§ 45.1-361.21 or 45.1-361.22 cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator and shall, pursuant to Va. Code § 45.1-361.21.D, said sums shall be deposited by the Operator into the Escrow Account, commencing within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with Va. Code § 45.1-361.21.D.

16.3. Escrow Provisions for Conflicting Claimants: If any payment of bonus, royalty payment or other payment due and owing pursuant to Va. Code § 45.1-361.22 cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment, proceeds in excess of ongoing operational expenses, or other payment, together with Participating Operator's Proportionate Costs paid to Operator pursuant to Paragraph 9.1, if any, (1) shall not be commingled with any funds of the Unit Operator; and (2) shall, pursuant to Va. Code §§ 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4, be deposited by the Operator into the Escrow Account, commencing within one hundred twenty (120) days of the recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of each month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

17. Special Findings: The Board specifically and specially finds:

- 17.1 Applicant is a West Virginia corporation, duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 17.2 Applicant claims ownership of oil and gas and coalbed methane gas leasehold estates representing 99.71 percent of the gas estate, and 99.71 percent of the coal estate with the Subject Drilling Unit;
- 17.3 Applicant is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
- 17.4 Applicant proposes to drill one (1) well, Well No. VC-505181, to a depth of 2,405 feet, on the Subject Drilling Unit to develop the Gas in Subject Formations;
- 17.5 Set forth in Exhibit B is the name and last know address of each person identified by the Applicant as having or claiming an interest in the Coalbed Methane Gas in the Subject Drilling Unit underlying and comprised of Subject Lands, including those Gas Owners or Claimants within Tract 3 who have not in writing, leased to the Applicant or agreed to voluntarily pool their Gas interest in Subject Drilling Unit for its development. The Gas Owners or Claimants within Tract 3 of Subject Drilling Unit who have not reached a voluntary agreement to share in the operation of the well represent 0.29 percent of the gas and oil estate and 0.29 percent of the coal estate in Subject Drilling Unit;
- 17.6 The estimated production over the life of the proposed well is 900 million cubic feet;
- 17.7 Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in any well covered hereby are those options provided in paragraph 9 above;
- 17.8 The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person in



the Subject Drilling Unit the opportunity to recover or receive, without unnecessary expense, each person's just and fair share of the production of the Gas from Subject Drilling Unit. The granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of Gas, prevent or assist in preventing the various types of waste prohibited by statute, and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.

18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.

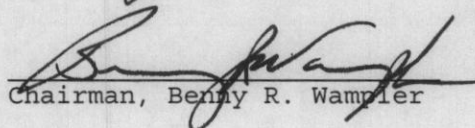
19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

20. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

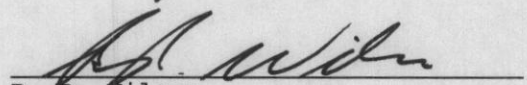
21. Appeals: Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court.

22. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 8<sup>th</sup> day of January, 2003, by a majority of the Virginia Gas and Oil Board.

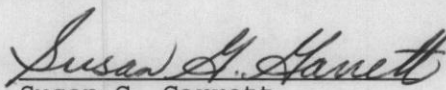
  
Chairman, Benny R. Wampler

DONE AND PERFORMED this 9<sup>th</sup> day of January, 2003, by Order of this Board.

  
B. R. Wilson  
Principal Executive To The Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA       )  
COUNTY OF WISE        )

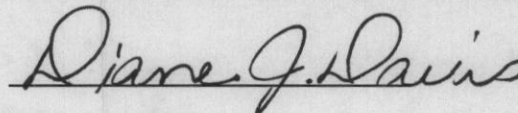
Acknowledged on this 8<sup>th</sup> day of January, 2003, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

  
Susan G. Garrett  
Notary Public

My commission expires July 31, 2006

STATE OF VIRGINIA       )  
COUNTY OF WASHINGTON    )

Acknowledged on this 9<sup>th</sup> day of January, 2003, personally before me a notary public in and for the Commonwealth of Virginia, appeared B. R. Wilson, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

  
Diane J. Davis  
Notary Public

My commission expires  
9/30/05

Order Recorded Under Code of  
Virginia Section 45.1-361.26



**EXHIBIT "B"**  
**505181**

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<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
<u>Gas Estate Only</u>				
1	Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart P. O. Box 5100 Lebanon, VA 24226	Leased-EPC 241490L 01 Tract T-606	37.42000000%	21.9900
2	<u>Ella Ratliff Heirs</u> Dallas Ratliff and Blanche Ratliff, H/W PO Box 11 Davenport, VA 24239	Leased-EPC 244432L 18	0.09410000%	0.0553
	Ruth McFarlane, widow 4916 Lakemere Court Richmond, VA 23234	Leased-EPC 244432L 22	0.09410000%	0.0553
	Rissie Ottaway, widow 5288 Flintlock Road Roanoke, VA 24014	Leased-EPC 244432L 50	0.09410000%	0.0553
	Blanche Rasnake, widow PO Box 19 Oakwood, VA 24631	Leased-EPC 244432L 48	0.09410000%	0.0553
	Arlene Lambert and James Elmer Lambert, W/H PO Box 497 Rosedale, VA 24280	Leased-EPC 244432L 27	0.09410000%	0.0553
	<u>Henry Ratliff Heirs</u> Elsie Ratliff, widow Route 1, Box 227 Vansant, VA 24656	Leased-EPC 244432L 26	0.09410000%	0.0553
	<u>Quinten Ratliff Heirs</u> Sandra M. Shankin and Kenneth Shankin, W/H 1593 Wadhams Road St. Clair, MI 48079	Leased-EPC 244432L 43	0.02350000%	0.0138
	Michael Ratliff, single 24208 Bolan Warren, MI 48089	Leased-EPC 244432L 46	0.02350000%	0.0138
	Quenton R. Ratliff and Linda Ratliff, H/W 6636 Old Farm Road Roanoke, VA 24018	Leased-EPC 244432L 23	0.02350000%	0.0138

**EXHIBIT "B"**  
**505181**

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<u>TRACT</u> <u>LESSOR</u>	<u>LEASE</u> <u>STATUS</u>	<u>INTEREST</u> <u>WITHIN</u> <u>UNIT</u>	<u>GROSS</u> <u>ACREAGE</u> <u>IN UNIT</u>
Robert Ratliff, single 6811 Back Creek Road Boones Mill, VA 25065	Leased-EPC 244432L 28	0.02350000%	0.0138
<u>Paul Ratliff Heirs</u> Bobbie Ratliff, widow Route 1, Box 366 Vansant, VA 24656	Leased-EPC 244432L 21	0.03140000%	0.0184
Vernon E. Ratliff and Nancy Karen Ratliff, H/W 2480 Township Road, 371 NW Bremen, OH 43107	Leased-EPC 244432L 32	0.00900000%	0.0053
Avis L. Ratliff and Janet L. Ratliff, H/W HC 4, Box 24260 Council, VA 24260	Leased-EPC 244432L 45	0.00900000%	0.0053
Judy P. Ratliff single Route 1, Box 366 Vansant, VA 24656	Leased-EPC 244432L 47	0.00900000%	0.0053
Lois Hubbard and Steve M. Hubbard, W/H PO Box 1498 Honaker, VA 24260	Leased-EPC 244432L 33	0.00900000%	0.0053
Gail Rasnake and David Rasnake, W/H Route 1, Box 366 Vansant, VA 24656	Leased-EPC 244432L 30	0.00900000%	0.0053
Martin E. Ratliff and Route 1, Box 366 Vansant, VA 24656	Leased-EPC 244432L 44	0.00900000%	0.0053
Rocky Ratliff, single Route 1, Box 366 Vansant, VA 24656	Leased-EPC 244432L 49	0.00900000%	0.0053
<u>Harmon Breeding Heirs</u> Harriet Owens and Harlis Owens, W/H PO Box 13 Davenport, VA 24239	Leased-EPC 244432L 40	0.12540000%	0.0738
Annette Compton and Buster Bill Compton, W/H 14311 Aden Road Nokesville, VA 20181	Leased-EPC 244432L 42	0.12540000%	0.0738



**EXHIBIT "B"**  
**505181**

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<u>TRACT LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
Ransome Breeding, married PO Box 14 Davenport, VA 24239	Leased-EPC 244432L 39	0.12540000%	0.0738
Benny H. Breeding and Charlotte Breeding, H/W PO Box 2151 Pulaski, VA 24301	Leased-EPC 244432L 20	0.12540000%	0.0738
Scarlett Breeding Alt and John Alt, W/H 81 Bay Drive Annapolis, MD 21403	Leased-EPC 244432L 54 244432L 53	0.25080000%	0.1475
Fannie J. Vandyke and J.R. Vandyke, W/H 7813 Old Tarlton Pike Circleville, OH 43113	Leased-EPC 244432L 16	0.75250000%	0.4425
<u>Louisa Breeding Keen Heirs</u> Joe Perkins, married Route 2, Box 381 Honaker, VA 24260	Leased-EPC 244432L 38	0.00000000%	0.0000
Jackie Perkins and Joyce Perkins, H/W Route 1, Box 128 Vansant, VA 24656	Leased-EPC 244432L 37	0.03070000%	0.0181
Jerry D. Perkins and Betty Perkins, H/W Route 1, Box 421 Vansant, VA 24656	Leased-EPC 244432L 36	0.03070000%	0.0181
Grayson R. Perkins and Shirley Perkins, H/W Route 1, Box 106 Vansant, VA 24656	Leased-EPC 244432L 9	0.03070000%	0.0181
Clayton K. Perkins and Ann Perkins, H/W Route 1, Box 104 Vansant, VA 24656	Leased-EPC 244432L 13	0.03070000%	0.0180
Audrey P. Harris and Kenneth Harris, W/H Route 1, Box 333 Cedar Bluff, VA 24609	Leased-EPC 244432L 12	0.03070000%	0.0180

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<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Jo Ann Compton and Johnny Compton, W/H 431 Fairway Drive Abingdon, VA 24211	Leased-EPC 244432L 35	0.03070000%	0.0180
	Peggy E. Cox and Danny Cox, W/H 525 Wright Road Kernersville, NC 27284	Leased-EPC 244432L 34	0.03070000%	0.0180
	Sharleen Presley, widow 9700 Brandywine Avenue Richmond, VA 23237	Leased-EPC 244432L 03	0.21500000%	0.1264
	David Keen and Dorothy Keen, H/W PO Box 315 Davenport, VA 24239	Leased-EPC 244432L 17	0.21500000%	0.1264
	Eunice Ray, widow PO Box 596 Grundy, VA 24614	Leased-EPC 244432L 14	0.21500000%	0.1264
	Kenneth Keen and Yvonne Keen, H/W 1532 9th Street Cuyahoga Falls, OH 44221	Leased-EPC 244432L 08	0.21500000%	0.1264
	<b><u>Oakley Lockhart Heirs</u></b> Betty J. Tyson 57 Sawmill Road Columbia, VA 23038	Leased-EPC 244432L 07	0.10750000%	0.0632
	Lorn Lee Lockhart 77 Glebe Lane Natural Bridge Station, VA 24450	Leased-EPC 244432L 07	0.10750000%	0.0632
	Geneva Presley and Marshall Presley, W/H 1215 W. Collins Flatwoods, KY 41139	Leased-EPC 244432L 11	0.21500000%	0.1264
	Ella Sabol, single 1218 Sawyer Avenue Akron, OH 44310	Leased-EPC 244432L 10	0.21500000%	0.1264
	Marie Eck and Stanley Eck, W/H 506 Granite Avenue Richmond, VA 23226-2148	Leased-EPC 244432L 04	0.21500000%	0.1264



**EXHIBIT "B"**  
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<u>TRACT</u> <u>LESSOR</u>	<u>LEASE</u> <u>STATUS</u>	<u>INTEREST</u> <u>WITHIN</u> <u>UNIT</u>	<u>GROSS</u> <u>ACREAGE</u> <u>IN UNIT</u>
Arville Keen and Bernice Keen, H/W 17390 Wilson Street Dunfries, VA 22026	Leased-EPC 244432L 06	0.21500000%	0.1264
Lena Keen, widow 121 Timber Oak Drive Bristol, VA 24201	Leased-EPC 244432L 02	0.21500000%	0.1264
James H. Keen and Carmie Keen, H/W 2000 Kathy Drive Fairborn, OH 45324	Leased-EPC 244432L 01	0.21500000%	0.1264
Willie Kyle Keen and Helen Peggy Keen, H/W 14128 Randall Drive Woodbridge, VA 22194	Leased-EPC 244432L 05	0.21500000%	0.1264
Edna Owens, widow PO Box 609 Vansant, VA 24656	Leased-EPC 244432L 15	0.21500000%	0.1264
<u>Genora Presley Heirs</u> Matawaska Presley and Clara Sutherland Presley, H/W Route 1, Box 190 Vansant, VA 24656	Leased-EPC 244432L 41	0.12540000%	0.0738
Juanita Presley Tiller and Theodore Tiller, W/H 50 East Ginghamburg Road Tipp City, OH 45371	Leased-EPC 244432L 31	0.12540000%	0.0738
Draper P. Street, single PO Box 81 Doran, VA 24612	Leased-EPC 244432L 24	0.12530000%	0.0738
Ilene P. Compton, widow HC 4, Box 928 Council, VA 24260	Leased-EPC 244432L 25	0.12530000%	0.0737
Howell Presley and Gola Presley, H/W Route 1, Box 201 Vansant, VA 24656	Leased-EPC 244432L 19	0.12530000%	0.0737
<u>Aeolus Presley Lockhart Heirs</u> Wienthal Lockhart and Linda B. Lockhart, H/W PO Box 175 Davenport, VA 24239	Leased-EPC 244432L 52	0.02510000%	0.0148

**EXHIBIT "B"**  
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<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Hazel Boyd, single PO Box 102 Davenport, VA 24239	Leased-EPC 244432L 51	0.02510000%	0.0148
	Temple Gilbert and Garnell Gilbert, W/H Route 1, Box 192 Vansant, VA 24656	Leased-EPC 244432L 29	0.02510000%	0.0148
	Reva Bedwell and Glen Bedwell, W/H PO Box 1061 Goochland, VA 23063	Leased-EPC 244432.56	0.02510000%	0.0148
	Maria Jackson and Billy J. Jackson, W/H aka William M. Jackson 1730 Brunswick Drive Blacksburg, VA 24060-1988	Leased-EPC 244432.55	0.02510000%	0.0148
3	Landon R. Wyatt, Jr. Trustee 2521 Riverside Drive Danville, VA 24540  Consol Energy Inc. Attn: Claude O. Morgan PO Box 947 Bluefield, VA 24605	Leased by Consol Energy	0.29000000%	0.1700
4	Rose Allen Matthews and William R. Matthews, W/H 635 Highland Drive Eden, NC, 27288  Sydney Latimer Asbury and Aurthur B. Ashbury, W/H 4851 Scenic View Drive Pelgram, TN 37143	Leased-EPC 245213.01  Leased-EPC 245213.02	32.82420000%  23.44580000%	19.2908  13.7792
<b>TOTAL GAS ESTATE</b>			<b>100.00000000%</b>	<b>58.7700</b>
Percentage of Unit Leased			99.71000000%	
Percentage of Unit Unleased			0.29000000%	
Acreage In Unit Leased				58.6000
Acreage in Unit Unleased				0.1700



**EXHIBIT "B"**  
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<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
<u>Coal Estate Only</u>				
1	Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart P. O. Box 5100 Lebanon, VA 24226	Leased-EPC 241490L 01 Tract T-606	37.42000000%	21.9900
2	<u>Ella Ratliff Heirs</u> Dallas Ratliff and Blanche Ratliff, H/W PO Box 11 Davenport, VA 24239	Leased-EPC 244432L 18	0.09410000%	0.0553
	Ruth McFarlane, widow 4916 Lakemere Court Richmond, VA 23234	Leased-EPC 244432L 22	0.09410000%	0.0553
	Rissie Ottaway, widow 5288 Flintlock Road Roanoke, VA 24014	Leased-EPC 244432L 50	0.09410000%	0.0553
	Blanche Rasnake, widow PO Box 19 Oakwood, VA 24631	Leased-EPC 244432L 48	0.09410000%	0.0553
	Arlene Lambert and James Elmer Lambert, W/H PO Box 497 Rosedale, VA 24280	Leased-EPC 244432L 27	0.09410000%	0.0553
	<u>Henry Ratliff Heirs</u> Elsie Ratliff, widow Route 1, Box 227 Vansant, VA 24656	Leased-EPC 244432L 26	0.09410000%	0.0553
	<u>Quinten Ratliff Heirs</u> Sandra M. Shankin and Kenneth Shankin, W/H 1593 Wadhams Road St. Clair, MI 48079	Leased-EPC 244432L 43	0.02350000%	0.0138
	Michael Ratliff, single 24208 Bolan Warren, MI 48089	Leased-EPC 244432L 46	0.02350000%	0.0138
	Quenton R. Ratliff and Linda Ratliff, H/W 6636 Old Farm Road Roanoke, VA 24018	Leased-EPC 244432L 23	0.02350000%	0.0138

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<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Robert Ratliff, single 6811 Back Creek Road Boones Mill, VA 25065	Leased-EPC 244432L 28	0.02350000%	0.0138
	<u>Paul Ratliff Heirs</u> Bobbie Ratliff, widow Route 1, Box 366 Vansant, VA 24656	Leased-EPC 244432L 21	0.03140000%	0.0184
	Vernon E. Ratliff and Nancy Karen Ratliff, H/W 2480 Township Road, 371 NW Bremen, OH 43107	Leased-EPC 244432L 32	0.00900000%	0.0053
	Avis L. Ratliff and Janet L. Ratliff, H/W HC 4, Box 24260 Council, VA 24260	Leased-EPC 244432L 45	0.00900000%	0.0053
	Judy P. Ratliff single Route 1, Box 366 Vansant, VA 24656	Leased-EPC 244432L 47	0.00900000%	0.0053
	Lois Hubbard and Steve M. Hubbard, W/H PO Box 1498 Honaker, VA 24260	Leased-EPC 244432L 33	0.00900000%	0.0053
	Gail Rasnake and David Rasnake, W/H Route 1, Box 366 Vansant, VA 24656	Leased-EPC 244432L 30	0.00900000%	0.0053
	Martin E. Ratliff and Route 1, Box 366 Vansant, VA 24656	Leased-EPC 244432L 44	0.00900000%	0.0053
	Rocky Ratliff, single Route 1, Box 366 Vansant, VA 24656	Leased-EPC 244432L 49	0.00900000%	0.0053
	<u>Harmon Breeding Heirs</u> Harriet Owens and Harlis Owens, W/H PO Box 13 Davenport, VA 24239	Leased-EPC 244432L 40	0.12540000%	0.0738
	Annette Compton and Buster Bill Compton, W/H 14311 Aden Road Nokesville, VA 20181	Leased-EPC 244432L 42	0.12540000%	0.0738



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<u>TRACT</u> <u>LESSOR</u>	<u>LEASE</u> <u>STATUS</u>	<u>INTEREST</u> <u>WITHIN</u> <u>UNIT</u>	<u>GROSS</u> <u>ACREAGE</u> <u>IN UNIT</u>
Ransome Breeding, married PO Box 14 Davenport, VA 24239	Leased-EPC 244432L 39	0.12540000%	0.0738
Benny H. Breeding and Charlotte Breeding, H/W PO Box 2151 Pulaski, VA 24301	Leased-EPC 244432L 20	0.12540000%	0.0738
Scarlett Breeding Alt and John Alt, W/H 81 Bay Drive Annapolis, MD 21403	Leased-EPC 244432L 54 244432L 53	0.25080000%	0.1475
Fannie J. Vandyke and J.R. Vandyke, W/H 7813 Old Tarlton Pike Circleville, OH 43113	Leased-EPC 244432L 16	0.75250000%	0.4425
<u>Louisa Breeding Keen Heirs</u> Joe Perkins, married Route 2, Box 381 Honaker, VA 24260	Leased-EPC 244432L 38	0.00000000%	0.0000
Jackie Perkins and Joyce Perkins, H/W Route 1, Box 128 Vansant, VA 24656	Leased-EPC 244432L 37	0.03070000%	0.0181
Jerry D. Perkins and Betty Perkins, H/W Route 1, Box 421 Vansant, VA 24656	Leased-EPC 244432L 36	0.03070000%	0.0181
Grayson R. Perkins and Shirley Perkins, H/W Route 1, Box 106 Vansant, VA 24656	Leased-EPC 244432L 9	0.03070000%	0.0181
Clayton K. Perkins and Ann Perkins, H/W Route 1, Box 104 Vansant, VA 24656	Leased-EPC 244432L 13	0.03070000%	0.0180
Audrey P. Harris and Kenneth Harris, W/H Route 1, Box 333 Cedar Bluff, VA 24609	Leased-EPC 244432L 12	0.03070000%	0.0180

**EXHIBIT "B"**  
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<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Jo Ann Compton and Johnny Compton, W/H 431 Fairway Drive Abingdon, VA 24211	Leased-EPC 244432L 35	0.03070000%	0.0180
	Peggy E. Cox and Danny Cox, W/H 525 Wright Road Kemersville, NC 27284	Leased-EPC 244432L 34	0.03070000%	0.0180
	Sharleen Presley, widow 9700 Brandywine Avenue Richmond, VA 23237	Leased-EPC 244432L 03	0.21500000%	0.1264
	David Keen and Dorothy Keen, H/W PO Box 315 Davenport, VA 24239	Leased-EPC 244432L 17	0.21500000%	0.1264
	Eunice Ray, widow PO Box 596 Grundy, VA 24814	Leased-EPC 244432L 14	0.21500000%	0.1284
	Kenneth Keen and Yvonne Keen, H/W 1532 9th Street Cuyahoga Falls, OH 44221	Leased-EPC 244432L 08	0.21500000%	0.1264
	<u>Oakley Lockhart Heirs</u> Betty J. Tyson 57 Sawmill Road Columbia, VA 23038	Leased-EPC 244432L 07	0.10750000%	0.0632
	Lorn Lee Lockhart 77 Glebe Lane Natural Bridge Station, VA 24450	Leased-EPC 244432L 07	0.10750000%	0.0632
	Geneva Presley and Marshall Presley, W/H 1215 W. Collins Flatwoods, KY 41139	Leased-EPC 244432L 11	0.21500000%	0.1264
	Ella Sabol, single 1218 Sawyer Avenue Akron, OH 44310	Leased-EPC 244432L 10	0.21500000%	0.1264
	Marie Eck and Stanley Eck, W/H 506 Granite Avenue Richmond, VA 23226-2148	Leased-EPC 244432L 04	0.21500000%	0.1264



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<u>TRACT LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
Arville Keen and Bernice Keen, H/W 17390 Wilson Street Dunfries, VA 22026	Leased-EPC 244432L 06	0.21500000%	0.1264
Lena Keen, widow 121 Timber Oak Drive Bristol, VA 24201	Leased-EPC 244432L 02	0.21500000%	0.1264
James H. Keen and Carmie Keen, H/W 2000 Kathy Drive Fairborn, OH 45324	Leased-EPC 244432L 01	0.21500000%	0.1264
Willie Kyle Keen and Helen Peggy Keen, H/W 14128 Randall Drive Woodbridge, VA 22194	Leased-EPC 244432L 05	0.21500000%	0.1264
Edna Owens, widow PO Box 609 Vansant, VA 24656	Leased-EPC 244432L 15	0.21500000%	0.1264
<u>Genora Presley Heirs</u> Matawaska Presley and Clara Sutherland Presley, H/W Route 1, Box 190 Vansant, VA 24656	Leased-EPC 244432L 41	0.12540000%	0.0738
Juanita Presley Tiller and Theodore Tiller, W/H 50 East Ginghamburg Road Tipp City, OH 45371	Leased-EPC 244432L 31	0.12540000%	0.0738
Draper P. Street, single PO Box 81 Doran, VA 24612	Leased-EPC 244432L 24	0.12530000%	0.0738
Ilene P. Compton, widow HC 4, Box 928 Council, VA 24260	Leased-EPC 244432L 25	0.12530000%	0.0737
Howell Presley and Gola Presley, H/W Route 1, Box 201 Vansant, VA 24656	Leased-EPC 244432L 19	0.12530000%	0.0737
<u>Aeolus Presley Lockhart Heirs</u> Wienthal Lockhart and Linda B. Lockhart, H/W PO Box 175 Davenport, VA 24239	Leased-EPC 244432L 52	0.02510000%	0.0148

**EXHIBIT "B"**  
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<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Hazel Boyd, single PO Box 102 Davenport, VA 24239	Leased-EPC 244432L 51	0.02510000%	0.0148
	Temple Gilbert and Garnell Gilbert, W/H Route 1, Box 192 Vansant, VA 24656	Leased-EPC 244432L 29	0.02510000%	0.0148
	Reva Bedwell and Glen Bedwell, W/H PO Box 1061 Goochland, VA 23063	Leased-EPC 244432.56	0.02510000%	0.0148
	Maria Jackson and Billy J. Jackson, W/H aka William M. Jackson 1730 Brunswick Drive Blacksburg, VA 24060-1988	Leased-EPC 244432.55	0.02510000%	0.0148
3	Landon R. Wyatt, Jr. Trustee 2521 Riverside Drive Danville, VA 24540	Leased by Consol Energy	0.29000000%	0.1700
	Consol Energy Inc. Attn: Claude O. Morgan PO Box 947 Bluefield, VA 24605			
4	Rose Allen Matthews and William R. Matthews, W/H 635 Highland Drive Eden, NC, 27288	Leased-EPC 245213.01	32.82420000%	19.2908
	Sydney Latimer Asbury and Aurthur B. Ashbury, W/H 4651 Scenic View Drive Pelgram, TN 37143	Leased-EPC 245213.02	23.44580000%	13.7792
<b>TOTAL COAL ESTATE</b>			100.00000000%	58.7700
Percentage of Unit Leased			99.71000000%	
Percentage of Unit Unleased			0.29000000%	
Acreage in Unit Leased				58.6000
Acreage in Unit Unleased				0.1700



Complete  
Logging Company  
Wellhead completion YES/NO? NO

2002 Costs are inputted  
automation incremental costs of \$2,300 added in June. Ending of \$1,000 added 7/1.

EQUITABLE PRODUCTION COMPANY AUTHORIZATION FOR EXPENDITURE				Cost Center # 217 505181 00 AFE# 217 505181 1A						
AFE DATE: 21-Aug-02		DRILLING PROJECT								
AFE GENERATOR: DLM										
County District	Buchanan DGO	Field:	State Nora	VA Vertical well	<div>OPERATIONAL APPROVAL:</div> <div><i>Mel Butts</i> 9-9-02</div>					
Well: VC 505181										
Stages Completed: 3		Casing								
Project Start Date: 2002		3								
Contractor: G&G		Amt - 8 5/8" Surf								
Total Depth: 2465		Amt - 7" Inter.								
Rate - 5/Ft: \$13.90		5"								
Amount Pipeline: 1530		4"								
CORPORATE AFE Code		INTANGIBLES		ESTIMATED COSTS			SUBSIDIARY WT 1			
				DRY HOLE	COMPLETION	TOTAL COMPLETED WELL	NET TOTAL COST			
180020		ASSIGNMENTS								
180013		CONTRACT FOOTAGE		\$33,430		\$33,430	\$33,430			
180011		TURNKEY CONTRACTOR PRICING		\$0		\$0	\$0			
180015		DAYWORK		\$1,000		\$1,000	\$1,000			
180030		CONTRACTOR SETUP		\$0		\$0	\$0			
180049		LEGAL SERVICES, TITLE CURATIVE, ABSTRACTS, PRE-DRILLING LITIGATION		\$1,460		\$1,460	\$1,460			
180061		GPS, SURVEY, WELL PLAT, PERMITS, BONDS		\$3,150		\$3,150	\$3,150			
180075		DIRECTIONAL SERVICE AND TOOLS/ DIRECTIONAL SURVEYS, SIDETRACKING		\$0		\$0	\$0			
180092		LOCATION PREPARATION, TREE CUTTING, FORESTER, TREE APPRAISALS		\$200		\$200	\$200			
180093		LOCATION PIT LINERS		\$1,000		\$1,000	\$1,000			
180094		LOCATION CONSTRUCTION, DOZER WORK, EXCAVATION & BLASTING		\$18,000		\$18,000	\$18,000			
180096		ROCKING, CULVERTS & STONE LOCATION CONSTRUCTION		\$3,000		\$3,000	\$3,000			
180141		PIT TREATMENT/RESTORATION/GATES		\$0		\$0	\$0			
180130		DRILLING MUD & CHEMICALS		\$0		\$0	\$0			
180141		BITS, REAMERS, STABILIZERS, HAMMERS		\$0		\$0	\$0			
180170		DRILLING WATER		\$1,000		\$1,000	\$1,000			
180180		OPEN HOLE LOGGING		\$3,600		\$3,600	\$3,600			
180201		SPECIAL LOGGING, SCIENCE, MUD LOG, CORING & CORE ANALYSIS		\$0		\$0	\$0			
180222		WELL TESTING, DST & PRODUCTION TESTING		\$0		\$0	\$0			
180228		CEMENTING - CONDUCTOR / COAL STRING		\$0		\$0	\$0			
180231		CEMENTING - SURFACE CASING (INCL FLOAT EQUIP)		\$0		\$0	\$0			
180241		CEMENTING - INTERMEDIATE CASING (INCL FLOAT EQUIP)		\$0		\$0	\$0			
180241		WELL KILLING, MISC. PUMPING, MISC CEMENTING-DRILLING OPERATIONS		\$0		\$0	\$0			
180281		SPECIAL DRILLING TOOLS, RENTAL & SERVICES, POWER TOOLS		\$0		\$0	\$0			
180299		TRANSPORTATION/TRUCKING COSTS (CASINGS & MATERIALS)-DRILLING		\$800		\$800	\$800			
180318		FISHING EXPENSES		\$0		\$0	\$0			
180353		P & A COSTS INCLUDING RIG TIME, MISC COSTS AND CEMENT		\$0		\$0	\$0			
180341		SURFACE DAMAGES, LOCATION AND PIPELINE		\$2,200		\$2,200	\$2,200			
180600		GEOLOGY SUPERVISION, ETC.		\$0		\$0	\$0			
180720		OPERATOR OVERHEAD		\$4,000		\$4,000	\$4,000			
180721		CONSULTING SERVICES RIG SUPERVISION		\$0		\$0	\$0			
180761		CONTINGENCY, OTHER, MISCELLANEOUS DRILLING OPERATIONS		\$500		\$500	\$500			
180733		LAND CONTRACTOR COSTS		\$3,500		\$3,500	\$3,500			
IDC- COMPLETION										
181011		DAYWORK COMPLETION OPERATIONS		\$0		\$0	\$0			
181021		SERVICE RIG / COILED TUBING & ASSOCIATED COSTS/PER DIEM		\$4,000		\$4,000	\$4,000			
181071		PERFORATING, CASING HOLE LOGS		\$5,700		\$5,700	\$5,700			
181101		CEMENTING - PROD. CASING (FLOAT EQUIP & BAFFLE)		\$8,500		\$8,500	\$8,500			
181122		SERVICE COMPANY, NITROGEN, ACID, FRAC SERVICES		\$48,000		\$48,000	\$48,000			
181121		SQUEEZE, MISC. CEMENTING & PUMPING COMPLETION OPERATIONS		\$0		\$0	\$0			
181141		TANKS/PITS/DOZER-COMPLETION OPERATIONS		\$4,000		\$4,000	\$4,000			
181151		PIPELINE CONSTRUCTION & RECLAMATION		\$7,270		\$7,270	\$7,270			
181161		WATER HAULING IN-COMPLETION OPERATIONS		\$1,000		\$1,000	\$1,000			
181202		WELLHEAD TIE IN, LABOR, ETC.		\$3,000		\$3,000	\$3,000			
181215		DRILLING/FRAC FLUID DISPOSAL		\$1,000		\$1,000	\$1,000			
181220		RIGHT OF WAY PIPELINE		\$200		\$200	\$200			
181251		TRANSPORTATION/TRUCKING (CASINGS & MATERIALS) COMPLETION		\$1,800		\$1,800	\$1,800			
181270		ENVIRONMENTAL COSTS		\$0		\$0	\$0			
181701		CONSULTING SERVICES FRAC/COMPLETION SUPERVISION		\$0		\$0	\$0			
181702		CONSULTING SERVICES PIPELINE SUPERVISION		\$0		\$0	\$0			
181751		CONTINGENCY OTHER, MISCELLANEOUS COMPLETION OPERATIONS		\$0		\$0	\$0			
180919		SALARIES AND WAGES - ALLOCATED		\$600		\$600	\$600			
180920		OTHER EMPLOYEE COMPENSATION - ALLOCATED		\$0		\$0	\$0			
180930		PAYROLL TAXES - ALLOCATED		\$60		\$60	\$60			
180940		WORKMENS COMPENSATION - ALLOCATED		\$0		\$0	\$0			
180950		EMPLOYEE BENEFITS - ALLOCATED		\$100		\$100	\$100			
181001		PER DIEM EXPENSES		\$100		\$100	\$100			
181100		TRAVEL EXPENSES		\$0		\$0	\$0			
181200		PERSONAL AUTO MILEAGE REIMB.		\$0		\$0	\$0			
181900		OTHER ALLOCATED		\$0		\$0	\$0			
TOTAL INTANGIBLES:				\$90,430	\$88,270	\$178,700	\$178,700			
TANGIBLES										
182032		CASING: CONDUCTOR & DRIVE PIPE		\$200		\$200	\$200			
182030		SURFACE CASING		\$1,410		\$1,410	\$1,410			
182040		INTERMEDIATE CASING		\$0		\$0	\$0			
182015		PRODUCTION CASING: USED		\$0		\$0	\$0			
182016		PRODUCTION CASING: NEW		\$0		\$0	\$0			
182038		NEW TUBING		\$0		\$0	\$0			
182039		USED TUBING		\$0		\$0	\$0			
182051		CASING HEAD, TUBINGHEAD, WELLHEAD EQUIPMENT AND CHRISTMAS TREE		\$750		\$750	\$750			
182053		VALVES & FITTINGS		\$1,500		\$1,500	\$1,500			
182040		GATHERING LINES		\$3,150		\$3,150	\$3,150			
182041		PIPELINE FITTINGS & TIE IN FITTINGS, C P EQUIPMENT, TAPS, ANODES		\$1,000		\$1,000	\$1,000			
182070		USED MEASUREMENT VALVES & FITTINGS, INCLUDING METER & POSS DRIP		\$0		\$0	\$0			
182072		MEASUREMENT VALVES & FITTINGS, INCLUDING METER & POSS DRIP		\$4,300		\$4,300	\$4,300			
182090		USED SEPARATOR, SEPARATOR PAD & HOOK-UP FITTINGS		\$0		\$0	\$0			
182091		NEW SEPARATOR, SEPARATOR PAD & HOOK-UP FITTINGS		\$1,800		\$1,800	\$1,800			
182110		DRIPS		\$300		\$300	\$300			
182120		HEATER TREATERS		\$0		\$0	\$0			
182131		TANK & TANK HOP FITTINGS, TANK BATTERY		\$5,000		\$5,000	\$5,000			
182151		ARTIFICIAL LIFT SURFACE VALVES, PUMPING UNIT, MOTOR, OTHER		\$12,500		\$12,500	\$12,500			

VIRGINIA: In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and is, together with the certificate of acknowledgment annexed, admitted to record this 10th day of January, 2003, at 10:49 AM.  
Deed Book No. 560 and Page No. 534  
Returned to: DMME  
TESTE: James M. Bevins, Jr., Clerk  
TESTE: Jennifer S. Miller, Deputy Clerk

[illegible]

DC-18 (12/01)